

Testimony of Mark Curtis

## **SPLASH CAR WASH**

### **Finance, Revenue & Bonding Committee**

PUBLIC HEARING

#### **S.B. No. 187 AN ACT REPEALING THE SALES TAX ON CAR WASH SERVICES AND COIN-OPERATED CAR WASHES**

Friday, February 24, 2017

Co-Chairs Frantz, Fonfara, Rojas, Ranking Member Davis and members of the Finance Committee. I am Mark Curtis, owner of Splash Carwash, which has locations in Stamford, Bridgeport, Shelton, Hamden, West Haven, New Haven and many other communities. We have been in operation for over 35 years and employ many Connecticut residents.

I am here to testify in support of **S.B. No. 187 AN ACT REPEALING THE SALES TAX ON CAR WASH SERVICES AND COIN-OPERATED CAR WASHES**. I want to thank the Committee for raising this bill for a public hearing this year.

The imposition of this new sales tax has had a detrimental impact on our business as it has added a significant increase in the cost for customers doing business with our company. This comes with our fixed and variable costs rising year after year. The impact these costs SHOULD HAVE forced us to raise our price close 15% just to stay even.

However, that is not the case. As you might suspect, car washing is a discretionary purchase and is predicated partly on price. No doubt some of the consumers' decision is based on the value received for the amount paid. But in both instances, the additional cost placed on the consumer by this tax has resulted in a decrease in wash volume and no contribution from the price increase paid by customers to reinvest in my business.

I believe many policy makers are coming to the understanding that the net gain derived from these sales tax revenues will be offset by the increase in unemployment as we will need fewer workers to do wash less cars, **PLUS** the diminished income of the employees and owners of carwashes throughout the state.

And history supports this. The last time this tax was imposed in 1989, carwash revenue fell in succeeding years as evidenced by falling sales tax receipts from car washes. I believe this was just one of the reasons it was later repealed.

I believe that what the state will experience is an increase in tax revenue because of the new tax that is more than offset by the cost of increased unemployment and decreased income taxes. The question then is – why do it?

I want to thank all the Senators and Representatives that we have met with and corresponded with that took the time to understand the issues

underlying our request. I believe that most, if not all, understand that this was a tax that should not have been imposed and which now should be repealed. Thank you for your time and consideration. I'm happy to answer any questions you may have.